

STATES OF JERSEY

Corporate Services Scrutiny Panel Economic Stimulus Package

TUESDAY, 15th DECEMBER 2009

Panel:

Senator S.C. Ferguson (Chairman)
Connétable D.J. Murphy of Grouville
Deputy T.A. Vallois of St. Saviour
Deputy M.R. Higgins of St. Helier

Witnesses:

Deputy I.J. Gorst of St. Clement (Minister for Social Security)
Mr. R. Bell (Chief Officer, Social Security)
Ms. S. Duhamel (Policy and Strategy Director, Social Security)

In attendance:

Mr. M. Robbins (Scrutiny Officer)

Senator S.C. Ferguson (Chairman):

Welcome to this hearing of the Corporate Services Scrutiny Panel generally on the stimulus package and in particular on the educational implications. You have no doubt seen the health warning on the piece of card there.

Deputy I.J. Gorst of St. Clement (Minister for Social Security)

It is the same one every time, I think. I hope, unless you suddenly change it in any way.

Senator S.C. Ferguson:

No, no. I wonder if you could say who you are and your position, please, for the people who are doing the transcribing.

Deputy I.J. Gorst:

Okay, I am Ian Gorst and I am Minister for Social Security.

Mr. R. Bell (Chief Officer, Social Security):

Richard Bell, Chief Officer, Social Security.

Ms. S. Duhamel (Policy Director, Social Security):

Sue Duhamel, Policy Director, Social Security.

Connétable D.J. Murphy of Grouville:

Dan Murphy, Constable of Grouville and member of the panel.

Senator S.C. Ferguson:

Sarah Ferguson, Chairman of the Corporate Services Panel.

Deputy T.A. Vallois of St. Saviour:

Tracy Vallois, Deputy of St. Saviour.

Deputy M.R. Higgins of St. Helier:

Mike Higgins, Deputy for St. Helier.

Mr. M. Robbins (Scrutiny Officer):

Mick Robbins, Scrutiny Officer.

Senator S.C. Ferguson:

Super. How are you managing to deal with the extra unemployed during the recession? Please can you keep your answers fairly concise because we do not have a lot of time and we do not want to take up too much of your time.

Deputy I.J. Gorst:

Well, as you know, we applied for money from the automatic stabilisers for income support families, so we applied for money to deal with families that might have been made unemployed and therefore their income reduced and we could ...

Senator S.C. Ferguson:

From the stimulus package or ...?

Deputy I.J. Gorst:

The automatic stabilisers, but from the stimulus package we ... yes, this is where I am careful to make sure we do the right thing. So from the stimulus package we did the transition and we did the money for C.A.B. (Citizens Advice Bureau), advisory money, and looking at a mortgage protocol as well. But the majority of our money has come from the automatic stabilisers for income support. Now, we are also part of the Skills Executive which asked for money from the stimulus package which was around training which has put money into Work Zone, career strengthening, obviously the Advance to Work scheme, but that is not just us, that is a joined up sort of approach.

Senator S.C. Ferguson:

So you have not had to take on extra staff or expand working space or anything to deal with the extra unemployed you have?

Deputy I.J. Gorst:

Yes, we have taken on people in the ... so in the Work Zone they are dealing with people who are unemployed, coming in looking for work, actively seeking work. So part of that money that was asked for under the skills umbrella has provided, I think it was, 3 additional places. Two have been filled, one remains unfilled at this moment in time.

Senator S.C. Ferguson:

What statistics are you recording? Presumably you have been developing extra statistics in relation to employment and unemployment?

Deputy I.J. Gorst:

Yes, the employment statistics are gathered by the Statistics Department. We had the last figures at the end of June. They are the best record of people being employed in our economy. That is every 6 months. I am not sure when the December figures are released, is it a couple of months after or is it 3 months after?

Ms. S. Duhamel:

Beginning of April.

Deputy I.J. Gorst:

Yes, okay. The unemployment figures, obviously we only record those people who are actively seeking work now. So it is not a record of everybody that might be unemployed in the Island, as you well know. That, again, is analysed by the Statistics Department. They use an International Labour Organisation formula. At the end of June they said by using that formula there is probably about 2.3 per cent of unemployment in the economy. We, at that point, I think, were picking about 1.7 per cent. So we just pick up the people who come to us for some type of interaction. Now, it might be because they are requiring income support, it might be because they want unemployment credits or it might just be that they just want to use our facilities in the Work Zone and use us like they might use an employment agency or to up their skills. They might come to us and we might send them on to Careers Jersey to look at perhaps transforming their skills into some other aspect that would make them more employable.

Senator S.C. Ferguson:

Yes, looking at the younger end, the school leavers and so on, do you liaise with Education to sort of see how many of the school leavers end up within your portals for unemployment?

Deputy I.J. Gorst:

We have probably liaised this year with Education more closely than we ever have before because of the skills input, Education will tell you roughly there is normally about 100 of their students that do not go on to do anything else in any years cohort and the aim was that we would pick those 100 up in the Advance to Work scheme. Because the number is changing all the time and they are bringing more people on, I think the last figure I had was about 80 that had been picked up on the Advance to Work scheme, so that is pretty good. But what we try to do is ensure that everybody coming out of school is either being funnelled to the new courses at Highlands - I think there are about 100 extra places created at Highlands - or they were being funnelled into the Advance to Work scheme, which can only be a positive thing so they are not then just sitting at home without some stimulation.

Senator S.C. Ferguson:

But you must have a record of how many youngsters have come to apply for the £90 a week benefit. Does that reconcile with the figures that Highlands have got?

Deputy I.J. Gorst:

We have got to go back and say if the individual is coming to us what we have tried to do is say: "Look, if you are coming to us and saying that you cannot find work, we know that there are places on the Advance to Work scheme, why have you not gone to them" and in actual fact we filter them over to the careers department that is doing that and ensuring that they go on that course. Now, I do not have the exact numbers of ... if we say that 80 people have gone on there, and if we look at the unemployment figures ...

Senator S.C. Ferguson:

If you have not got the figures perhaps you could ...

Deputy I.J. Gorst:

No, I do not have the exact ones.

Deputy M.R. Higgins:

I must say those papers you have got a very impressive, are you going to share them with the committee? The graph.

Deputy I.J. Gorst:

Which papers? It is the website, they are all on the website. That is right, there are 74.

Ms. S. Duhamel:

There were 74 at the end of October.

Deputy I.J. Gorst:

I think that has gone up to ...

Ms. S. Duhamel:

There is 80-something at the moment.

Senator S.C. Ferguson:

So it does reconcile with the number up on the Advance to Work.

Ms. S. Duhamel:

The Advance to Work people are counted as seeking work because they are still there to get a job so they are included in our total figures and, yes, we know there will always be a small number who are not on the Advance to Work scheme for whatever reason, but the majority of the youngsters are now on that scheme, because that is their actively seeking work I2T(?), that is what they do to get their allowance.

Senator S.C. Ferguson:

Now, for the record, what are the benefits available to unemployed people?

Deputy I.J. Gorst:

Again, if you are in a low income household you might be eligible for income support; if you were made redundant through no fault of your own then you will be eligible for an employment credit, in effect crediting your pension record in the Social Security Fund; if you were made redundant by a firm that went insolvent and they have not given you payment in lieu of notice then obviously you will be able to access

the temporary insolvency scheme. They are roughly the 3 elements that people might come to us for.

Deputy M.R. Higgins:

You mentioned the mortgage protocol. Did you ever come up with anything to help people with their mortgages who were made unemployed?

Deputy I.J. Gorst:

As you know sitting on this panel, the assessors did not approve that application.

Deputy M.R. Higgins:

So have you done any further work on it or was it just rejected at the first hurdle?

Deputy I.J. Gorst:

There are 2 things. The protocol is a separate thing so the actual money for helping people pay their mortgage, that was rejected. I imagine you have looked at that and the rationale for that decision. The protocol is still being worked on but I could not tell you where it is.

The Connétable of Grouville:

Did C.A.B. take over the sorting out of protocol?

Senator S.C. Ferguson:

No, I think that is a different one.

Ms. S. Duhamel:

There was a single bid for a Citizens Advice Bureau staff member, which has been approved and that person exists and gives that support, and the smaller amount of money was the production of a leaflet to assist people having problems with their mortgages. That has not been pursued in 2009, mainly because the other bid was not supported because there was no evidence of a real need for it and therefore we just waited on that one to see ...

The Connétable of Grouville:

At the time?

Ms. S. Duhamel:

At the time, yes.

Senator S.C. Ferguson:

All right, and how does the department dovetail in with the Education Department efforts? For instance, are the youngsters who go on the Advance to Work course ... they get their money £90 anyway and are advised or persuaded to go on the Advance to Work, it is not one of those things where you say you do not get your money unless you go on the course?

Deputy I.J. Gorst:

Within income support if people are not meeting the “actively seeking work” criteria then there is the ability for officers to say: “Look, you are not actively seeking work and therefore we will reduce your payments.” What we have said is that going on the

Advance to Work scheme - it is difficult with all these As - that is part of your actively seeking work qualification for the income support. So, in actual fact, the reverse could apply.

Senator S.C. Ferguson:

Right.

Deputy T.A. Vallois:

Could I just ask on the Advance to Work scheme why it is that Education are taking the lead on it and not Social Security? Because in the U.K. (United Kingdom) that would be the case.

Deputy I.J. Gorst:

I think, in effect, Education probably take the lead on the Skills Executive and because it fits in with careers. Careers, although it is based in our department, it sits with the Education Department; it should not really make any difference.

Deputy T.A. Vallois:

But understandably with Skills Jersey there is a Skills Executive Board made up of yourself, the Education Minister and the Economic Development Minister.

Deputy I.J. Gorst:

Yes.

The Connétable of Grouville:

The accounting officer duties lie with?

Mr. R. Bell:

Education.

Deputy M.R. Higgins:

The current chair is yourself, is that correct?

Deputy I.J. Gorst:

Until the end of this month, yes.

Senator S.C. Ferguson:

So that is your main connection with Skills Jersey, that you are part of the executive?

Deputy I.J. Gorst:

That is correct, yes.

Senator S.C. Ferguson:

Does the money spent on the college bid ... we have been a bit confused that the money is sort of going here, there and everywhere and there is the 3 departments all involved in with it and some of the money is going via E.D.D. (Economic Development Department) and some appears to be going via Social Security, how does the money spent in the college bid affect your budget? Does it affect it?

Deputy I.J. Gorst:

No, if you are looking at purely Social Security bids, it was the transition money and then that £50,000 that I said for C.A.B. and the protocol so they are purely our bids. If I understand it correctly, Education have sponsored the other bids which go to the college which, of course, have been put forward partly by the Skills Executive but the accounting officer again, as we have said, is responsible for those bids.

Senator S.C. Ferguson:

Do you find there are more costs than just the pocket money of the student, which is effectively this £90? Have you got many of them on any extra or that is a flat rate?

Deputy I.J. Gorst:

Yes, that would be just the adult component. Now, they could be in households which are entitled to more income support.

Senator S.C. Ferguson:

But that would not come to them particularly, that would go to the household?

Deputy I.J. Gorst:

That is right.

Deputy T.A. Vallois:

Am I right in saying there is money in Skills Jersey ring-fenced?

Deputy I.J. Gorst:

That is right.

Deputy T.A. Vallois:

Does that work with the economic stimulus money as well or does that purely ...

Deputy I.J. Gorst:

Well, the 3 departments - this was before I was Minister - allocated some of the roles that they were doing and the money followed to fall under the Skills umbrella. Now the money that has been asked for from the economic stimulus is for specific projects so it was for Advance to Work, it was for something they call strengthening the careers programmes under which I think they were looking for perhaps running a graduate programme but that has now been put on the back burner because there has not been the need for that, the extra places as well at Highlands. Now Skills are asking themselves: "Well, we have not necessarily needed to use that money in this way but perhaps it might be a good thing to extend or do a slightly older advance to work type scheme" and that is what they are looking at. But they are still fairly early down the line there. They are obviously going to have to go back through the process with Treasury to say: "Look, this is now ... we bid for this money initially for this purpose but actually we think that in the changing climate it would be better used for the purpose" and then we are back into the process of asking money for that.

Senator S.C. Ferguson:

Yes, because this is obviously a problem if you get youngsters going either on a course at Highlands or into the Advance to Work and if it is a multi year course, particularly where they are doing B.T.E.C. (Business and Technology Education Council) and things like that, what is going to happen after the 2 year period if they

have done a one year B.T.E.C. and then they go on to a 2 year B.T.E.C., there is only 2 years money and there is 3 years worth of work for the youngsters.

Deputy I.J. Gorst:

That is quite right, and you have got to think that any money ... if they are getting supported via income support that money is not for their course, that money is for living. So that is a separate thing for us at Social Security. But the question that you ask is an appropriate question for the Skills Executive. Probably we will have to review and have a look at seeing, well if these programmes have worked well in this year of economic downturn and perhaps next year's economic downturn as well, and so far the evidence will be that they have worked well, we have got the extra courses, we have got the people on the Advance to Work scheme, then it is going to be a strong argument for suggesting that perhaps the Advance to Work scheme should be rolled out on a more permanent basis. We will have to review and see what is going to happen with the course uptake and whether more space is needed to be made available at Highlands. I think quite recently someone was saying that if you look at statistics in the past, in a downturn when more people have gone into further education, you would expect that once the economy picks up that that falls away again. But the historical data, as I understand it, shows that it does not, it remains pretty static so it continues on at the same level. That is something that we are going to have to look at as a Skills Executive. But it is difficult to say that we are going to need to roll it out on a permanent basis at this stage. But I have got to say that the indicators at this early stage show that we possibly will need to. I think there is probably a stronger case for saying we will need to with the Advance to Work scheme because we have always had a number of people who found it very difficult to get into the workplace and perhaps this scheme is going to help them, and if it is showing to prove itself then we will have to look very seriously at whether it should be more permanent.

Senator S.C. Ferguson:

Yes, and how will you measure the success of it? From your point of view at Social Security.

Deputy I.J. Gorst:

That is always going to be difficult because the skills that individuals will be getting will hopefully be useable at a later stage of life, whether they get into employment straight away or not. So it might be difficult quantitatively to be able to say: "Yes, this number of people got a job as a result of it" but they might get a job as a result of it 6 months down the line. Having said that, we already know of at least 2 people - it has only been running for a short period of time - who were on it and have now got work. So there will be some quantitative data but there is also the other quantitative stuff about people being in the workplace for the first time, which they might not have been before. Those benefits will pay dividends perhaps for the rest of those individuals' lives anyway, which may bring long-term benefits for us as well.

Deputy M.R. Higgins:

What is the Skills Executive doing in terms of monitoring progress? In other words, if you use value added, you measure what students have when they first come in on these courses and what they leave with in terms of what they have learnt, what measures are you doing to measure that value added? So it is not just do they get a

job at the end, they may get a job anyway, the course may or may not have helped them but what are you doing to measure they are learning these new skills and therefore improving their chance of getting a job?

Deputy I.J. Gorst:

Well, the primary purpose of the Advance to Work scheme is just that, to get people to work. That is what the scheme was developed for. So at those early stages that has been and will remain to be our primary focus. I cannot tell you exactly what the Skills Board is using for measuring these more qualitative features but certainly we can ask.

Deputy M.R. Higgins:

If you could and if you could forward it into us. Sorry, Sarah, can I just go back on one. Going back to the employment statistics and so on, obviously even before the recession you had a number of people who were unemployed and a number of them could be classed as long-term unemployed, relatively, and what I want to know is your figures do not seem to break down seasonal unemployment from longer term unemployment. So obviously at the end of the summer season people will lose their jobs, they will come on to the unemployment figures but do you have real feel for those who are likely to be in the system for a while rather than just the seasonal ones?

Deputy I.J. Gorst:

I think it is fair to say historically - and I have not got those figures with me - there was quite a turnover of people and they were not unemployed for a long period of time. We have, over the last 3 months, although it has pulled back slightly, seen a lengthening of the time that people are unemployed which is exactly what we would expect in a period of economic downturn but we here do not have the breakdown of seasonal and non-seasonal.

Deputy M.R. Higgins:

Okay, and how about in terms of ... as you stated at the beginning, you do not have a full picture of the unemployment on the Island because you do not collect all the data, because not everybody is obliged to come to you. What steps have been taken to try and get the data from the employment agencies so we have got a much better picture of the overall level of unemployment in the economy and the areas where that unemployment is?

Deputy I.J. Gorst:

I am not sure that we would ... we might want to do some work on looking at the areas of unemployment elsewhere but I think we can have confidence in the I.L.O. (International Labour Organisation) figure that we do not see it but we can be pretty certain that it is a robust methodology and therefore there probably is about 2.3 per cent unemployed.

Deputy M.R. Higgins:

How do you know, though, because if you are not getting any data from the employment agencies and we know that not everybody comes to you, how do you know the true level of unemployment?

Deputy I.J. Gorst:

Then we are getting into questioning of I.L.O. methodologies.

Deputy M.R. Higgins:

The I.L.O. normally have better figures than we have in terms of they are getting data out of the U.K. where, for example, everybody would register as unemployed, whereas over here they would not.

Deputy I.J. Gorst:

I am certainly not in a position to question their methodologies. I imagine you have spoken to statistics about how they use that methodology and calculate that rate.

Deputy M.R. Higgins:

Are you aware of any development ...

Senator S.C. Ferguson:

I think ...

Deputy M.R. Higgins:

No, I am just curious ...

Senator S.C. Ferguson:

No, I think we are getting off the point, Mike, if you will excuse us and we are short of time.

Deputy T.A. Vallois:

Just on Advance to Work, I remember reading the Skills Jersey paper back in 2005. There was a scheme mentioned on the paper similar to that of the Advance to Work and you have mentioned the money ring-fenced in the Skills Jersey, was that money for that kind of scheme?

Deputy I.J. Gorst:

Off the top of my head I cannot recall that. I know what they are looking at now instead of doing the graduate ... perhaps I said it earlier as well, is extending or doing a slightly older Advance to Work type scheme.

Senator S.C. Ferguson:

This is how you would like to see it develop presumably?

Deputy I.J. Gorst:

Absolutely.

Deputy T.A. Vallois:

Do you think there would be a future for Advance to Work after the stimulus package?

Deputy I.J. Gorst:

As I tried to say earlier, I think there probably will be.

Senator S.C. Ferguson:

Are you finding that your feeling for the unemployment is corresponding with the business survey? I think they said the employment prospects in the finance industry were minus 33 per cent, was it not? Minus 30 per cent.

The Connétable of Grouville:

Vacancies, was it not?

Deputy I.J. Gorst:

No, that was about what was going to happen throughout the coming year.

Senator S.C. Ferguson:

Yes.

Deputy I.J. Gorst:

How optimistic or pessimistic they were about employment.

Deputy T.A. Vallois:

But you see 128 unemployed on your books for banking?

Deputy M.R. Higgins:

You admit also that most of them go to the job agencies so you do not have those figures.

Deputy I.J. Gorst:

That is right, as I have said all along.

Mr. R. Bell:

Having said that, I think it is fair to say we have seen more from this sector coming into our offices than previously would have been the case because everyone can benefit from the unemployment process within the system and once you get past the first quarter and you are presented with a bill for your contributions that tends to pull people in to say ... you know, whichever sector you are from, you do not want to be footing a contribution bill so you will come in and register. We have already stretched the policy out in terms of how long those credits would last for automatically and then on a case-by-case basis. So it is in everyone's best interest to come and register with us, not just for the income support but in order to make sure that they are not facing a contribution ...

Deputy M.R. Higgins:

So of the 128, how many of those were on your books before or have they just suddenly appeared on your books? Or did you measure it before for the different sectors?

Mr. R. Bell:

The sector analysis was not something that came up automatically in the past, it was something we have done recently, probably in the last 6 months to a year in terms of getting the analysis better. What we need now to go into is recategorising these groups because they are groups that fall from your employer coding. So you need to go into the banking sector to understand the skills range within the banking sector

because there could be lower skilled and as well high skilled in there. You do not just naturally assume that they are all highly qualified bankers.

Deputy M.R. Higgins:

Plus you do not know what sector, I take it, whether it is trusts or funds or banking?

Mr. R. Bell:

There are separate ones for ... what we want to do is make ours correspond with the ones that the stats use so we can pull from the same group, we have got slightly different classifications at the moment.

Deputy T.A. Vallois:

What was interesting was 139 on your books unemployed for construction, do you think that construction was possibly over its capacity in employment in 2008?

Deputy I.J. Gorst:

That is a question I am not really qualified to answer. I think you should ask the Economic Development Minister that. What I would say is that we are extremely aware, and have been liaising this year with Economic Development and the Population Office in the granting of licences. In the way it has happened previously it is much more proactive now because we have this sector analysis where you are much more aware of trying to find individuals jobs and we are saying: "You tell us when people are looking for licences because we have got 139 people here who could fill those." That is a piece of work, as well, that we will be beefing up in the New Year.

Senator S.C. Ferguson:

Anything else? Mike?

Deputy M.R. Higgins:

No.

Senator S.C. Ferguson:

Anything more you would like to say to us?

Deputy I.J. Gorst:

No, I do not think so, thank you.

Senator S.C. Ferguson:

Thank you very much indeed for your time, Minister, Sue and Richard.

Deputy I.J. Gorst:

Thank you.